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Profile of the Sales Push: Figures from an Informal Survey
A Roundup of 1989 Calendars • How Abrams Targets the Art Market
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Publishers Weekly

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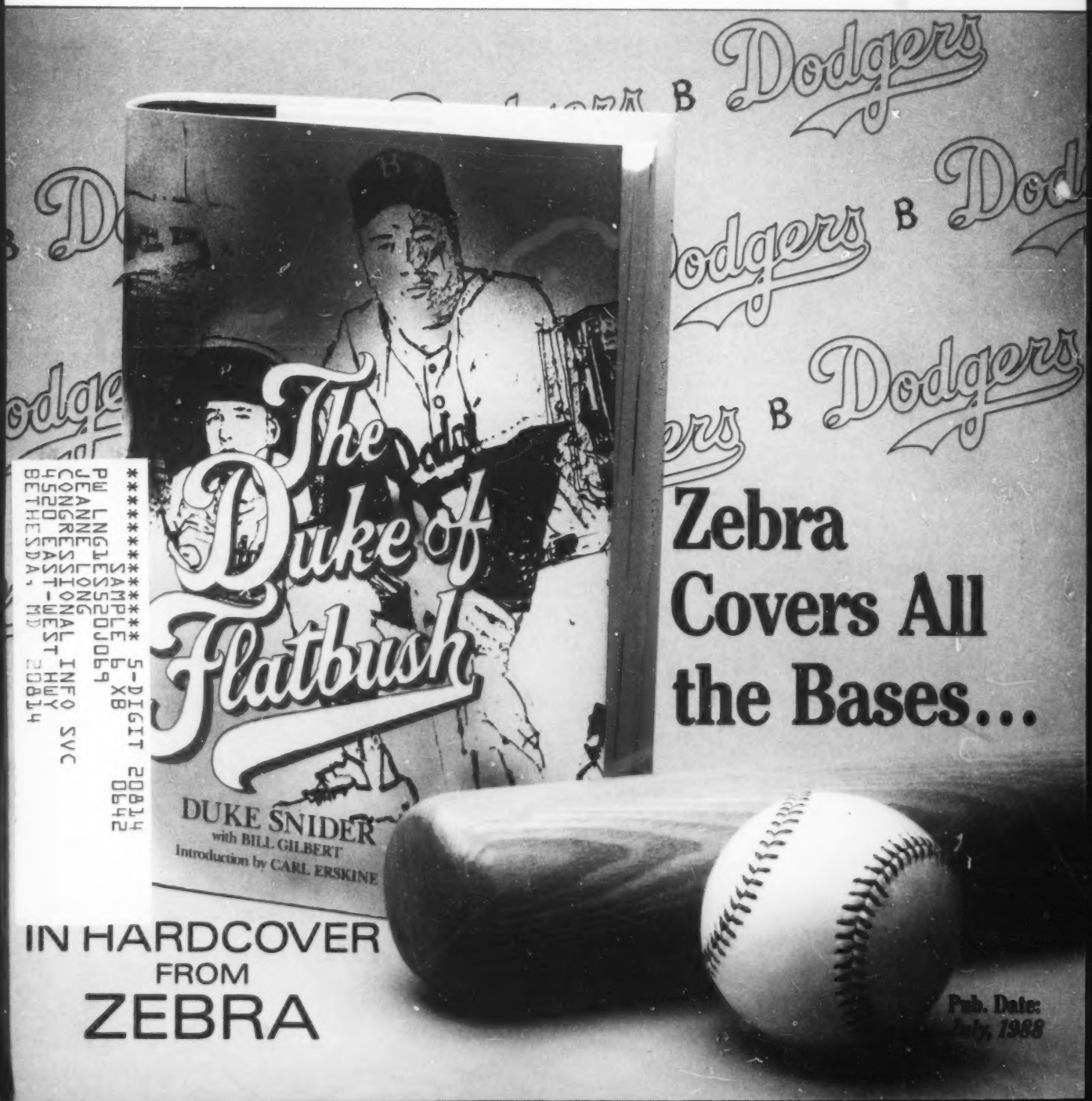

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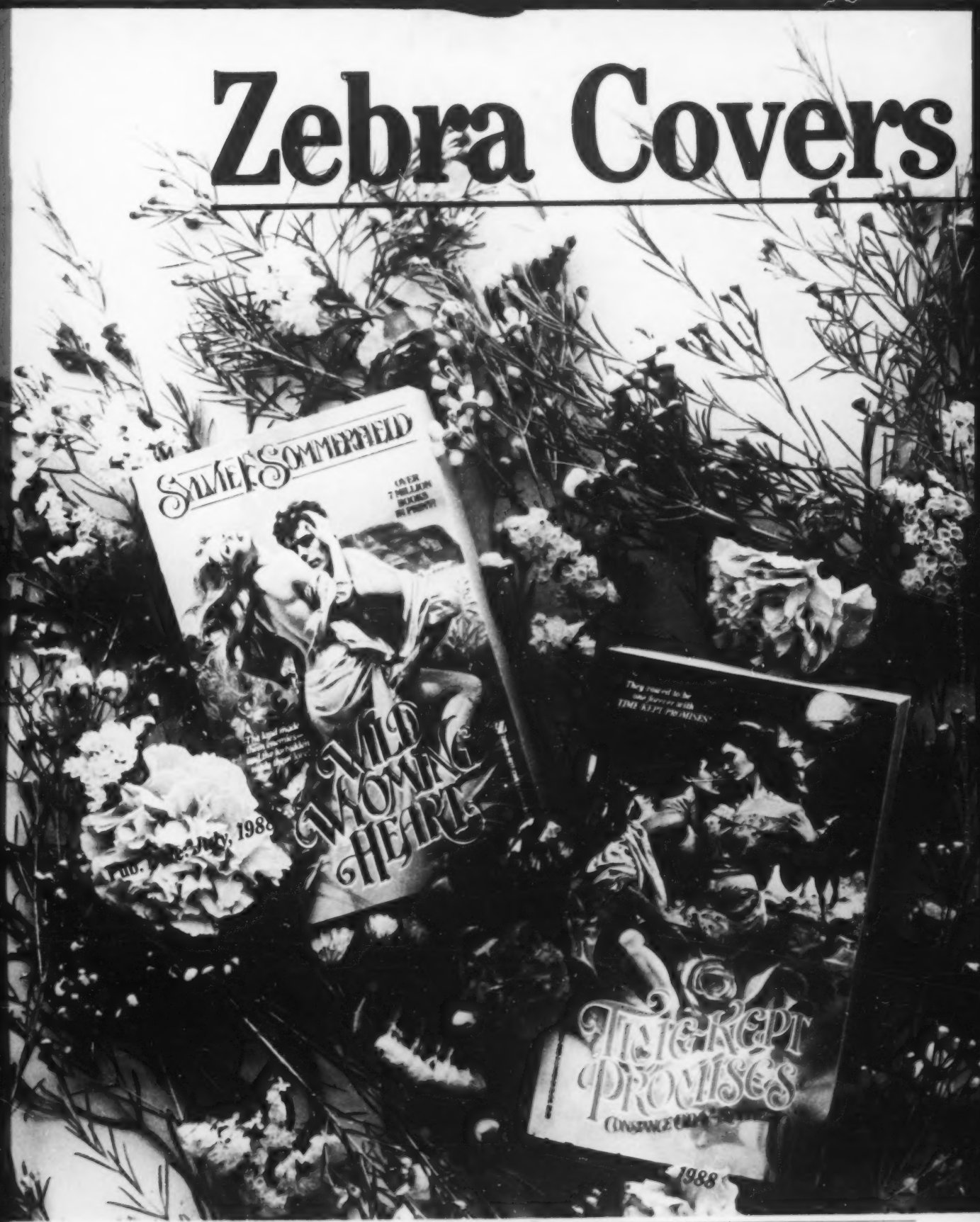

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QUANTIFYING THE SALES PUSH

By Duane S. Crowther

An informal publisher survey offers statistical support for some industry shibboleths

How many copies of an average hardcover book are sold today? How long will it remain in print and when will most of its sales occur? How much will be spent on advertising, and when will the advertising occur in the book's life cycle? These are some of the questions asked in a survey of major book publishers undertaken at last year's ABA convention, and the answers may be of interest as the American book industry gears up for the next one.

The survey focuses on the average hardcover so-called "midlist" book that makes up the majority of offerings from book publishers today. It was designed to eliminate the skewing of data caused by the few books that receive special treatment because they have been picked for promotion to bestsellerdom. Prepared by a publishing professional as part of an M.B.A.–degree thesis, the data gathered present a suggestive statistical basis for a number of widely held assumptions.

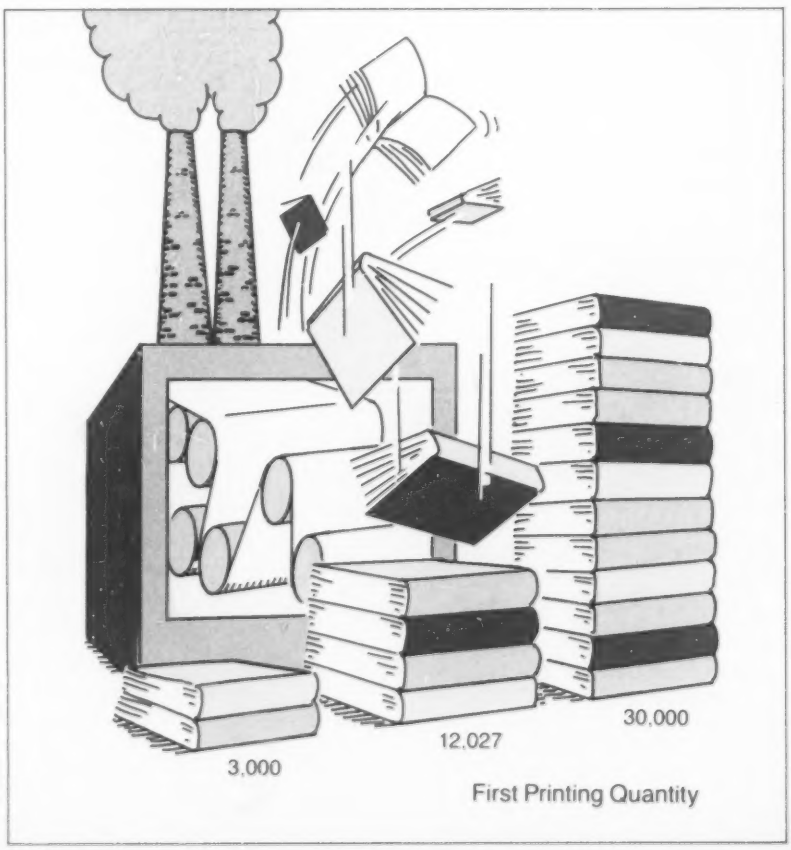
The survey's results reflect insights that are difficult to obtain within the industry, providing "ballpark" answers to questions involving procedures and practices that are not readily available in written form within the trade. They also provide a glimpse at the practices and policies of some of the largest and best-known publishing companies in the country.

How the Survey Was Taken

The procedure used at the convention was to approach representatives of various firms and indicate that a survey was being taken to complete an M.B.A. case project. The one-page survey form was then shown to the publisher's representative, and, almost invariably, that person would call for the company's advertising, marketing or promotion manager who would in turn fill out the questionnaire. A total of 31 publishers were surveyed in this manner.

An effort was made to strike a balance among the types of companies approached. In addition to big-name general publishers, major publishers in the Christian market were also approached. Several large university presses were also included in the survey. All firms contacted were medium to large in size, and all of them had names well known in the business. No small "one-man" or "mom and pop" publishing operations were included. All firms interviewed were situated in the main area of the exhibit hall rather than in the "small press" section, and all were operating at least two convention booths.

Though the survey provides some interesting and valuable insights, it also has its share of liabilities. The information obtained was "off the



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cuff," delivered without benefit of exact records, budgets, written product histories or marketing plans. In some cases, the information was not provided by the most knowledgeable individual in the companies surveyed, but rather by the person considered most qualified who happened to be in the booth as the survey approach was made. But even within these limitations, the survey presents a valuable "consensus" overview of some essential aspects and "rules of thumb" of the book publishing industry today.

A Typical First Run

The first question asked was about the initial quantity of books printed for a typical new hardcover. The question was: "What is your company's usual first printing quantity of a typical hardbound book which you estimate will be an average seller?" The mean answer to this question was a surprisingly high 12,027 books. The median was 10,000, situated in a range from a minimum of 3000 books to a maximum of 30,000.

The next question was about advance orders, the extent to which publishers presell their books before they come off the press. The question asked: "What quantity of a typical hardbound book does your company attempt to have presold before the book is first printed?" Analysis of the results showed that a mean percentage of 59.17% of hardcover books are presold before the first edition goes to press. Responses to this question had a wide range, from 16.7% up to 100%, with distribution of answers spread relatively evenly throughout the range.

The In-Print Life

The third question on the survey asked: "How many months does an average-selling book typically remain in print?" An analysis of the responses showed the mean number of months a book remains in print was a surprisingly high 43.07 months. The range was wide on this question, however, with answers covering a spread from 120 months (10 years) down to 12 months. Several answers were eliminated from the study because they represented the treatment of "classics" or textbooks or items like almanacs that are periodically updated but never allowed to go permanently out of print. (Several answers pertaining to these types of materials fell into the 35- to 50-year range.) The answers to this question were heavily skewed to the low end, with 17.9% reporting a book's life expectancy to be only between 21.8 and 31.6 months, and 39.3% indicating a life expectancy of between 31.6 and 41.4 months.

Quarterly Sales Patterns

Question four asked: "Assuming a typical book has a two-and-a-half-year (10 quarter) product cycle, what percent of sales would you expect to occur in each quarter?" Spaces were then provided for writing a percentage figure for each of 10 quarters. The mean percentages for the first four quarters were as follows:

CUMULATIVE SALES PER QUARTER DURING A BOOK'S FIRST YEAR

Quarter	% of Sales in Quarter	Cumulative % of Sales
1	43.25	43.25
2	20.25	63.50
3	14.38	77.88
4	13.26	91.14

Sales during the remaining six quarters were so negligible that they were not compiled. It is obvious from the survey that most books are seen as having a product life cycle that is almost complete within the first year. If the typical book remains in print for 43 months, as is indicated above, that leaves only 8.86% of the book's sales to be divided over the final 31 months of the book's life.

Assuming the above figures to be typical, the product life cycle for a typical book might therefore be defined as approximately:

PROJECTED LENGTH OF A TYPICAL BOOK'S PRODUCT LIFE CYCLE

Stage	Length
Introductory stage	1 month
Growth stage	5 months
Maturity stage	6 months
Decline stage	31 months
Total book life:	43 months

There was considerable variation in the percentage of sales reported for each of the first four quarters. Quarter one, with a mean of 43.25%, ranged from a minimum of 10% to a maximum of 85%. There was a fairly balanced spread throughout the range, but with 26.7% of the replies arrayed between 23.6% and 30.4% of total sales occurring during the first quarter. Another 26.7% of the replies indicated the expectation that between 44.1% and 50.9% of total sales would take place during the first quarter.

Quarter two, with a mean of 20.25% of total book sales expected, had a range from 10% minimum to 75% maximum. This quarter was highly skewed, with 80% of those surveyed reporting sales expectations for the quarter at the low end of the book's total sales, between 10% and 21.8%.

Quarter three, with a mean of 14.38% of total book sales expected, and quarter four, with a mean of 13.26%, were very similar. Both had ranges from 4% to 50%; both were strongly skewed to the low end. Quarter four, for instance, showed 76% of the responses between 4% and 12.36%.

Sales and Profits

The next question dealt with the number of book sales needed to reach essential publishing-profit target levels. Question five on the survey inquired: "How many copies of a typical hardbound book need to be sold for the book to break even, [to] be an average seller, [to] be a bestseller, and to appear on major bestseller lists (*New York Times*, *Publishers Weekly*)?"

The survey respondents indicated a mean of 6215 copies were needed to break even for their companies. Replies here ranged from a minimum of 1500 to a maximum of 20,000. The median was 4250 copies. Survey comments contained the obvious qualifications that the break-even point is highly dependent upon author royalties and advances and upon promotional expenses.

The respondents indicated that an average-selling book would sell 12,646 copies. This mean was above the median of 10,000 copies. The range extended from a minimum of 3000 copies up to a maximum of 35,000 copies.

How many copies must be sold before a book can become a bestseller? The mean answer to this query was 37,708 books. The median answer was somewhat lower: 32,500 books. The range was from a minimum of 10,000 books up to a maximum of 80,000 books.

And how many must be sold to position the book on a major bestseller list? The mean answer was 70,139 copies. The median answer was higher in this case: 75,000 books. The range was from 15,000 up to 150,000 copies. This question brought more

guesswork than the survey's other queries, since many of the individuals responding to the survey questionnaire had never been personally involved with a book that reached the bestseller lists. Several comments, however, were significant. First, it was pointed out that the quantity of books needed to hit the bestseller lists varies greatly at different times of the year, with a lesser quantity needed during the slow summer months than during the fall and spring seasons, when many new titles are being pushed into the stores.

Second, it was observed that since a number of key stores furnish the data for the makeup of the lists, systematic selling to those stores can influence the list somewhat. It was also pointed out that the timing of sales to those stores was critical; there must be large sales in a very short period of time to enable the books to achieve a rate of sale that qualified them as bestsellers in any given week.

Also, it was observed that many types of books are not even candidates for the lists. Many books in other markets outsell the listed bestsellers but do not get named to the lists because they flow through channels that do not report sales to the list compilers.

Advertising Expenditures

Several questions on the survey were intended to analyze industry marketing expenditures per book sold. Question number six read: "If a book retails for $20, how much per book does your company allocate for advertising and marketing expenses (excluding salaries and commissions)?"

The answers provided in dollars were converted into percentages. The mean score for advertising spent on a per-book basis was 6.08% of the book's retail price. The range was from a minimum of 5% up to a maximum of 10%. The most common answer provided, by far, was "a dollar a book." In discussing this figure with the survey participants, they several times commented that this was somewhat of an industry "rule of thumb," and that it applied to most books priced in the $15 to $25 retail price range.

When to Advertise

Question seven of the survey was: "What percentage of your company's advertising, promotion and marketing budget for a typical book is spent before the book is released, during the product life cycle introductory stage, during the product life cycle growth stage, during the product life cycle maturity stage, and during the product life cycle decline stage?" The answers are summarized as follows:

TIMING OF BLOCK ADVERTISING EXPENDITURES

% of Advert.	Product Life Cycle Stage
36.00	Before release of the book
41.77	During the life cycle introductory stage
16.45	During the life cycle growth stage
5.78	During the life cycle maturity stage
100.00%	

The range covering the percentage of advertising budget to be spent before the book is released extended from a minimum of 10% to a maximum of 80%, with a median of 25%. The suggested percentages were quite evenly distributed throughout the range. The range covering the percentage of advertising budget to be spent during the book's introductory stage was also quite evenly distributed, from the minimum of 10% to the maximum of 85%, with 40% being the median.

The range on advertising expenditures during the book's growth stage was more limited, extending from a minimum of 2% to a maximum of 50%.

'Push' vs. 'Pull' Advertising

The final question asked the publishers to divide all their firm's advertising expenditures into two general categories: advertising directed to bookstores, libraries and other institutional buyers and wholesalers who would, in turn, resell or distribute the goods to end users; and advertising directed to end consumers. Advertising directed to intermediaries was termed "push" advertising; advertising directed to the end consumer was put in the category of "pull" advertising.

The survey showed that "push" advertising was slightly preferred to "pull" advertising, with a mean of 52.68%. The range was broad, however, with "push" advertising occupying 100% of the ad budget in some firms, down to as little as 10% in others. A histogram prepared indicates that the variation in budget devoted to "push" advertising was quite evenly spread, with at least one surveyed publish-

er at each of the 10 levels indicated.

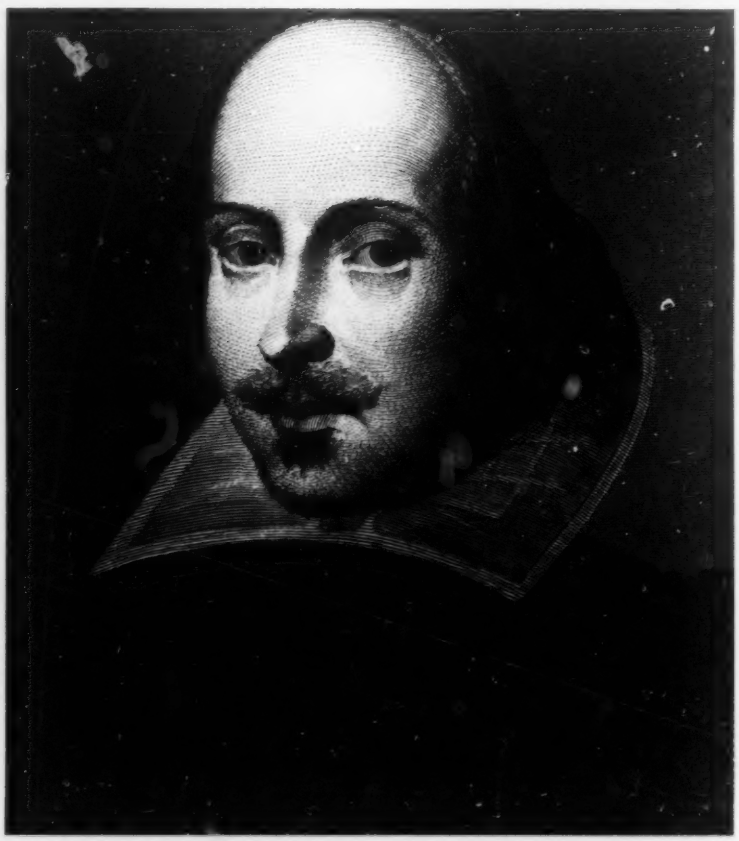
Since this question required that the combined "push" and "pull" advertising total 100%, "pull" advertising directed to the end user was credited with receiving 47.32% of the composite advertising budget.

It should be noted that many of the firms showed their expenditures to be as widely differentiated as 75% and 25%, or 70% and 30%, or 60% and 40%, for the two types of advertising. Typically, each of the companies has adopted its own marketing plan based on the predominant use of either the "push" or "pull" approach. Though the averages of the two types appear to be almost equal, such an equal advertising budget division is not representative of most of the companies surveyed. They were predominantly committed to either a "push" advertising approach or to the "pull" philosophy.

'The quantity of books needed to hit the bestseller lists varies greatly at different times of year, with a lesser quantity needed during the slow summer months'

One observation should be made: the large publishers who are typically the producers of the nation's top bestsellers tend very strong toward "push" advertising. Those companies who mainly stress the strength of their backlists typically use more "pull" advertising.

In summary, the survey reveals a strong predisposition among the nation's publishers to advance and prerelease selling, product life cycles where over 90% of a book's total copies are sold during the first year and expenditure of most of the book's advertising budget before the book reaches the stores and/or in the first two months of the book's existence. Those publishers who anticipate longer product lives for their books, and who do little advance selling, typically realize lesser sales than those whose resources are geared to a strong initial "push" effort. □



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